GOVERNOR
"State of the State" Address– On Tuesday, Governor Greg Abbott delivered his "State of the State" address to a joint session of the Texas Legislature. He started out by saying, “I am honored to work with Lt. Governor Dan Patrick and Speaker Dennis Bonnen as we embark on this new session. On this very day, about 1,000 new residents will call Texas home. That happens almost every day. Whether you like that or not, we can never lose sight of the reason so many people make life altering decisions to uproot their families and businesses and chart new paths – paths that guided them to Texas. They were fed up with big government policies increasingly running their lives and imposing burdensome regulations. They were taxed out of their states that some of their families had lived in for generations. The cost of doing business imposed by heavy-handed special interest groups simply became too oppressive. They needed an escape. They longed for freedom. They wanted hope. They found it in Texas. We may not be perfect, but to all the newcomers I talk to, they think Texas is a governmental Holy Grail. The newcomers have joined with long-time Texans, and together we have forged what has become the most powerful state in America. ... We have achieved so much thanks to the tireless efforts of our elected officials, and more importantly, because of the hard work of everyday Texans eager to secure a brighter future. We will continue to build on our state’s successes. But we must also address the serious challenges that require nothing short of our complete attention for the people that expect our complete devotion.”

Emergency Items – The governor identified five emergency items that the Legislature can now take up immediately, including:

- School finance reform and increasing teacher pay
- Increased school safety
- Greater access to mental health care services
- Property tax reform
- Expanded disaster response and readiness programs

In addition to the emergency issues, he discussed other key problems that he would like to see addressed this session. Among these are taking care of the mental and physical health of veterans, fighting gangs and human trafficking networks in Texas, and fully securing the border.

Conclusion– The governor concluded, “No doubt, what I have outlined today is a transformative agenda. We have an opportunity to make Texas a far better state. We have the power to ensure Texas is a state where our citizens can realize their dream of owning a home or starting a business - where we prioritize student achievement and create safer schools. A state that puts public safety first, whether it's in the face of natural disasters or dangerous gangs. A Texas where we expand economic opportunity and freedom to every corner of our state and where we provide our veterans with the support they deserve. What we must accomplish will require all of us working together on bold ideas. But Texas was built on bold ideas. It was built by the men and women who came before us who worked together to make Texas the most exceptional state in the nation. Now, it is our time to chart a course that will make Texas even better - not just for the next four years, but for the next forty years. We have an opportunity to turn bold ideas into reality. We have the opportunity to grasp the brass ring that belongs to Texas. When we do that, we will keep Texas the greatest state in America.”
Note: Specifics on the governor’s proposals and his priorities are included in the Statewide and issue categories below.

Responses to the Governor’s Speech – Several individuals and groups commented on Governor Abbott’s remarks. Some of those are:

Lt. Governor Dan Patrick responded to the "State of the State" address saying, “I congratulate Governor Abbott on his speech today, which was a tremendous message to the people of Texas that we are committed to addressing their priorities and to ensuring that our state continues to be a place of hope where they can fulfill their dreams. Three of the governor’s declared emergency items have already been filed in the Texas Senate - SB 2, the property tax reform bill, SB 3, the teacher pay raise bill, and SB 10, the mental health bill that focuses heavily on identifying at-risk youth. The governor is right that this is a time for bold ideas in Texas. I am committed - and the Texas Senate is committed - to doing our part to move forward on the important agenda he laid out today.”

House Republican Caucus Chairman Representative Dustin Burrows commented on the "State of the State" address, “During Governor Greg Abbott's 'State of the State' address to the Texas Legislature today, the Governor provided strong guidance on what both chambers should prioritize during the 86th Legislative Session. Each of the emergency items set forth by the Governor are issues that citizens across Texas have asked for and want to see addressed by their lawmakers. By the Legislature addressing school finance reform and teacher pay, school safety, mental health care, property tax reform, and natural disaster preparedness and response before this session ends, we will provide meaningful change in the lives of all Texans.”

Senate and House Democratic Caucus members applauded Governor Abbott’s commitment to reaching agreements on public education funding, property tax reform, and mental health care reform, but not quite seeing eye-to-eye with him on the solutions. House Democratic Caucus officer Representative Celia Israel (Austin) expressed disappointment in the lack of discussion of pre-K funding, an item House Democrats gave Governor Abbott a lot of credit for addressing as an emergency item 4 years ago. Representative Israel said, “This year, it was not a stand-alone emergency item.” She added her hope that Governor Abbott continues his concern for pre-K funding, despite not addressing it this year. Senate Democratic Caucus member Senator Royce West (Dallas) expressed concern for the Governor’s skipping over teacher retirement. Senator West, who was a member of the Texas Public Finance Reform Commission, and who serves on the Senate Education Committee, emphasized the urgency of making certain "the plight of those that taught each and every one of you to be who you are is placed on the legislative agenda, and that we work very closely with them also. We stand ready to work on education issues. We must be at the table when bills are crafted, to make certain that ideas we want to bring forward are part of the discussion." He agreed on education funding reform, while not repeating past mistakes of reducing property taxes, leaving public school systems struggling to make up budgetary shortfalls. He concluded, “Texas Democrats want to ensure that property tax reforms do not underfund education reforms, teachers get properly compensated, and schools in need get necessary funds.”
STATEWIDE

Hurricane Harvey Recovery— In his "State of the State" speech, Governor Abbott said, “When I look back on this past year, I remember the more than 75 trips I took to regions hit by Hurricane Harvey. In the face of the greatest natural disaster, our state has ever seen our fellow Texans showed the world that no earthly force is more powerful than the Texas spirit. From our first responders and emergency workers to community leaders and faith-based groups. From our partners at the federal government, to the citizens who gave their time and resources - Texans stepped up to help those in need. To help communities and residents harmed by Hurricane Harvey, Texas has already committed more than a billion dollars. Additionally, the federal government has appropriated more than $30 billion in aid. But we all know, more resources are needed to help Texans rebuild. So I commend the House and Senate, which have both proposed using Rainy Day Funds to help rebuild Texas stronger and more resilient than before disaster struck. And, we all agree that we must apply the lessons of Harvey to improve the way Texas responds to future natural disasters. For example, I support ideas proposed by Senator Perry and Representative Phelan. They extend disaster solutions beyond just funding and beyond just the coastal region. And, we must create a system that cuts through all the red tape. To give the legislature time this session to make Texas more resilient to future disasters, I am making disaster response an emergency item.”

Emergency Proclamation on Hurricane Harvey Recovery— Specific wording of Governor Abbott’s proclamation designating disaster preparedness as an emergency item for early consideration by the legislature is, “Legislation relating to emergency preparedness, response, and recovery.”

Border Security— On the issue of border security, the Governor said, “I know we’ve long waited for the day when Texas would not have to provide funding to secure our border. And yet, the federal government still has not fulfilled its responsibility. As a result, I am once again asking that Texas step up and fully fund our border security program.”

Human Trafficking— Governor Abbott also talked about the problem of human trafficking, “We must also work together to crack down on human trafficking and to protect the victims of this heinous crime. I ask the legislature to increase funding to create six regional human trafficking squads. These squads will investigate and shut down human trafficking operations across Texas. And, absolutely every trafficker should get mandatory jail time. These predators should be locked up, not freely roaming our streets looking for victims.”

Veterans— The Governor prioritized veterans’ issues saying, “We must not turn our backs on the service and sacrifice of the men and women who have worn the uniform of the mightiest military in the history of the world. As we know some return broken from battle with injuries both seen and unseen. Some cannot find a job. Others don’t know how to find a job. Still others are homeless, possessing only a glimmer of the glory they once fought for. They fought for our freedom. Now we must fight for their future. Texas is home to more than 1.6 million veterans. This session we have an opportunity to do even more. That includes fully funding the mental health program for veterans at the Health and Human Services Commission. We must also fund the Texas Veterans Commission to help veterans receive the VA healthcare benefits they have earned. This session we will ensure that veterans get the best services Texas can provide so that the men and women who fought on the front lines go to the front of the line.”
State of the Judiciary—On Wednesday, Nathan Hecht, Chief Justice of the Texas Supreme Court, delivered the "State of the Judiciary" address to a joint session of the Texas Senate and House. He asked legislators to adopt a judicial selection system of appointed judges followed by a non-partisan retention election for appellate and district judges. He said, “When partisan politics is the driving force and the political climate is a harsh as ours has become, judicial elections make judges more political, and judicial independence is the casualty. Make no mistake, a judicial selection system that continues to sow the political wind will reap the whirlwind.”

SENATE
The Senate was in session this week on Tuesday for the Governor’s "State of the State" address and on Wednesday for the Chief Justice’s "State of the Judiciary" address. On Wednesday, they recessed until Thursday for first reading and referral of bills to committees.

HOUSE
The House was in session on Monday, Tuesday and Wednesday of this week.

Next Week: The House will reconvene at 4:00 p.m. on Monday, February 11, 2019.

BUDGET
Senate Finance Committee:
On Monday, the Senate Finance Committee took up Article VIII Regulatory Agencies:
   Public Utility Commission
   Office of Public Utility Counsel
   Texas Department of Insurance
   Office of Public Insurance Counsel
   Office of Injured Employee Counsel
   Executive Council of Physical Therapy and Occupational Therapy Examiners
   State Office of Administrative Hearings
   Texas Medical Board
   Texas Board of Nursing
   Board of Chiropractic Examiners
   Board of Dental Examiners
   Optometry Board
   Board of Examiners of Psychologists
   Health Professions Council
   Board of Veterinary Medical Examiners
   Board of Pharmacy
   Securities Board
   Funeral Service Commission
   Board of Plumbing Examiners
   Racing Commission
   Board of Professional Land Surveying
   Department of Licensing and Regulation
   Board of Professional Geoscientists
   Special Provisions Relating to Regulatory Agencies
On Tuesday, the Senate Finance Committee took up Article II Health and Human Services Agencies:
- Health and Human Services Commission
- Office of Inspector General
- Texas Civil Commitment Office
- Department of State Health Services
- Special Provisions Relating to Health and Human Services Agencies

On Wednesday, the Senate Finance Committee took up Article II Health and Human Services Agencies:
- Department of Family and Protective Services (public testimony)

House Appropriations Committee:
On Monday, House Appropriations Committee Chair John Zerwas named the following subcommittees:
- **Subcommittee on Article II** (Health & Human Services) – Sarah Davis, Chair; J.D. Sheffield, Vice Chair; Philip Cortez, Cole Hefner, and John Turner.
- **Subcommittee on Article III** (Education) – Greg Bonnen, Chair; Armando Walle, Vice Chair; Mary Edna Gonzalez; Donna Howard; Matt Schaefer; Carl Sherman, Sr.; Lynn Stucky; and Gary VanDeaver.
- **Subcommittee on Articles I, IV & V** (General Government, Judiciary, and Public Safety & Criminal Justice) – Oscar Longoria, Chair; Rick Miller, Vice Chair; Brad Buckley; Giovanni Capriglione; Jarvis Johnson, and Gene Wu.
- **Subcommittee on Articles VI, VII & VIII** (Natural Resources, Business & Economic Development, and Regulatory) – Toni Rose, Chair; Cecil Bell, Jr., Vice Chair; Ina Minjarez; Sergio Munoz; Reggie Smith; Steve Toth; and Terry Wilson.
- **Subcommittee on Infrastructure, Resiliency & Investments** – Giovanni Capriglione, Chair; Gene Wu, Vice Chair; Cecil Bell Jr.; Jarvis Johnson; Rick Miller; Ina Minjarez; Matt Schaefer; Steve Toth; and Armando Walle.

Also on Monday, the House Appropriations Committee heard invited testimony on:
- School Finance
- School Safety
- Teacher Retirement System

On Tuesday, the House Appropriations Committee heard invited testimony on:
- Correctional Managed Health Care
- Border Security
- Driver License Program
- Trusteed Programs Within the Governor’s Office
- Texas Child Support Enforcement System 2.0 (T2) Project

On Wednesday, the House Appropriations Committee heard invited testimony on:
- Medicaid
- Health and Human Services Contracting
- State Hospitals
- Child Protective Services
Next Week:

**Senate Finance Committee:**

**On Monday**, February 11, 2019, the Senate Finance Committee will meet at 10:00 a.m. in E1.036 of the capitol extension to take up Article III Education Agencies:
- Texas Education Agency
- Teacher Retirement System
- Optional Retirement Program
- Higher Education Group Insurance
- Windham School District
- School for the Blind and Visually Impaired
- School for the Deaf

**On Tuesday**, February 12, 2019, the Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension to take up Article III Education Agencies:
- Texas A&M University System and Component Institutions
- Texas A&M University System Health Science Center and Agencies
- Texas State University System and Component Institutions
- University of North Texas System and Component Institutions
- University of North Texas Health Science Center

**On Wednesday**, February 13, 2019, the Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension to take up Article III Education Agencies:
- Texas Tech University System and Component Institutions
- Texas Tech University Health Sciences Centers
- Baylor College of Medicine
- University of Texas System and Component Institutions
- University of Texas Health Science Components
- University of Houston and Component Institutions
- Public Community/Junior Colleges
- Texas State Technical College System and Component Institutions

*Note: The Senate Finance Committee will meet on Thursday if they have pending business. Also, the Senate Finance Committee has posted notices for hearings through Thursday, February 14, 2019 to hear testimony from state agencies.*

**House Appropriations Committee:**

**On Monday**, February 11, 2019, the following House Appropriations Subcommittees will meet:
- **Subcommittee on Articles I, IV & V** will meet at 7:30 a.m. in Room 140 of the John H. Reagan State Office Building to hear testimony on agencies within its jurisdiction.
- **Subcommittee on Articles VI, VII & VIII** will meet at 7:30 a.m. in E1.026 of the capitol extension to hear testimony on agencies within its jurisdiction.
- **Subcommittee on Article II** will meet at 8:00 a.m. in Room 120 of the John H. Reagan State Office Building to hear testimony on agencies within its jurisdiction.
- **On Tuesday**, February 12, 2019, the following House Appropriations Subcommittees will meet:
  - **Subcommittee on Articles VI, VII & VIII** will meet at 7:30 a.m. in E1.026 of the capitol extension to hear testimony on agencies within its jurisdiction.
• **Subcommittee on Article II** will meet at 10:30 a.m. or upon adjournment in E1.030 of the capitol extension to hear testimony on agencies within its jurisdiction.

**On Wednesday**, February 13, 2019, the following House Appropriations Subcommittees will meet:

- **Subcommittee on Article III** will meet at 7:30 a.m. in D1.030 of the capitol extension to hear testimony on agencies within its jurisdiction.
- **Subcommittee on Articles I, IV & V** will meet at 7:30 a.m. in Room 140 of the John H. Reagan State Office Building to hear testimony on agencies within its jurisdiction.
- **Subcommittee on Articles VI, VII & VIII** will meet at 7:30 a.m. in E1.026 of the capitol extension to hear testimony on agencies within its jurisdiction.
- Subcommittee on Article II will meet at 8:00 a.m. in Room 120 of the John H. Reagan State Office Building to hear testimony on agencies within its jurisdiction.

**On Thursday**, February 14, 2019, the following House Appropriations Subcommittees will meet:

- **Subcommittee on Article III** will meet at 7:30 a.m. in E1.030 of the capitol extension to hear testimony on agencies within its jurisdiction.
- **Subcommittee on Articles I, IV & V** will meet at 7:30 a.m. in E2.030 of the capitol extension to hear testimony on agencies within its jurisdiction.
- **Subcommittee on Articles VI, VII, and VIII** will meet at 7:30 a.m. in #1.026 of the capitol extension to hear testimony on agencies within its jurisdiction.
- **Subcommittee on Article II** will meet at 8:00 a.m. in Room 120 of the John H. Reagan State Office Building to hear testimony on agencies within its jurisdiction.

**On Friday**, February 15, 2019, the following House Appropriations Subcommittee will meet:

- **Subcommittee on Articles I, IV, and V** will meet at 7:30 a.m. in Room 140 of the John H. Reagan State Office Building to hear testimony on agencies within its jurisdiction.

**ECONOMIC DEVELOPMENT**

**Governor Abbott on Economic Development** – In his "State of the State" speech, the Governor said, "Texas leads the nation in new job creation. And we have the fastest growing economy in America. A by-product of this success is a prosperity that touches all corners of our state. Texas recorded its lowest unemployment rate ever. And wages are rising. Digging deeper, you’ll see that we lead the nation in jobs created by African-American business owners and Hispanic women business owners. And get this – Texas is now number one for Women Entrepreneurs. The Texas economy is more diversified today than ever before. From aerospace to cybersecurity, financial services to manufacturing, from Fortune 500 companies to small businesses and startups. Texas is the premier economic destination in the United States. And Texas has led the nation in exports for 16 years straight. And for the past 5 years we’ve led the nation in tech exports. Now more than ever, the most powerful label is: ‘Made in Texas.’ Business expansions all across the state are the result of the Texas Enterprise Fund, which promotes economic diversification. Texas remains America’s prime destination for businesses and job-seekers - in part because of actions of Senators and Representatives in this Capitol that helped foster opportunities for Texas’ economic prowess. You spurred more investment and business start-ups by slashing regulations and by cutting the business margins tax. You funded a road building strategy that provides than more than $7.5 billion for road construction each year."

**Next Week:** The Senate will reconvene at 3:00 p.m. on Monday, February 11, 2019.
**ENERGY**

**Governor Abbott on Energy**– In his "State of the State" speech, the Governor said, “We all know about another number one ranking – Texas is number one in oil and gas production. In fact, America will be energy independent by next year. Texas is helping emerging economies across the globe wean themselves off of coal and instead use clean burning natural gas produced right here in Texas.”

**Texas Oil and Gas Association** president Todd Staples responded, “As the Governor pointed out, Texas is number one in the nation for oil and natural gas production, and the Texas oil and natural gas industry is responsible for helping the United States achieve something that for decades has seemed unattainable – energy independence. Families, schools and businesses here in Texas, across the United States, and around the globe are better off because of the Texas oil and natural gas industry. Our economy, our environment and our lives are improved because of innovative technologies that make energy exploration and production safer, critical infrastructure like pipelines that represent the safest and most reliable method of transportation for fuel, refineries that convert oil and natural gas into 96 percent of the everyday essentials that Texans use on a daily basis, and the ports that are exporting clean natural gas produced right here in Texas to communities across the globe. And even as production has increased, technological advancements have helped the United States lead the world in emission reductions, with CO2 emissions at their lowest levels in 20 years.”

**Next Week:** The **House Energy Resources Committee** will meet on Monday, February 11, 2019 at 2:00 p.m. in E2.010 of the capitol extension to hold an organizational meeting and hear invited testimony.

**ENVIRONMENT**

**House Energy Resources Committee/House Natural Resources Committee**- On Wednesday, there was a joint hearing of the House Energy Resources Committee and the House Natural Resources Committee. They heard invited testimony on the current status of water use in oil and gas production and to review various technologies associated with the recycle and reuse of water in oil and gas production. Witnesses included Railroad Commissioner Ryan Sitton; Leslie Savage, Chief Geologist at the Railroad Commission of Texas; and representatives of Marathon Oil, Cimerex, Fasken Oil, Israeli Desalination Engineers of the Americas (IDEA), Eureka Resources, and Environment Texas.

**Senate Water and Rural Affairs Committee**– On Monday, the Senate Water and Rural Affairs Committee held an organizational meeting. They heard invited testimony from Peter Lake, Chair of the Texas Water Development Board; Jon Niermann and Toby Baker of Texas Commission on Environmental Quality; and Rex Isom and Liza Parker of Texas Soil and Water Conservation Board.

**Water Development Board**– Also on Wednesday, Governor Greg Abbott reappointed Brooke Paup to the Texas Water Development Board for a term set to expire on February 1, 2025. The board provides leadership, planning, financial and technical assistance for the responsible development of water for the State of Texas.

**Brooke Paup** of Austin has served as a member of the Texas Water Development Board since February 2018. Previously, she served as the director of legislative affairs for the Texas Comptroller of Public Accounts for the last four years. She is formerly the deputy division chief of intergovernmental relations and former special assistant for policy and research for the Office of the Attorney General, where she worked on legislative issues, special litigation, and public finance,
including the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT). Brooke has 13 years of state government experience. She received a Bachelor of Arts from Texas A&M University and a Juris Doctor degree from Texas Tech School of Law.

**Next Week:** The **House Natural Resources Committee** will meet on Tuesday, February 12, 2019 at 10:30 a.m. or upon adjournment in E2.010 of the capitol extension to hear invited testimony on issues related to flooding.

**GENERAL BUSINESS**

**Grocery Access Investment Fund Program**– Last Friday, Representative Eddie Rodriguez (D-Austin) filed legislation that would establish a Grocery Access Investment Fund program to fund projects that seek to increase food access in low to moderate income communities located in underserved areas. Representative Rodriguez serves as chair of the Texas House Farm to Table Caucus, the first bipartisan legislative caucus of its kind in the nation. The Caucus works to promote the production and consumption of local foods while addressing issues related to food access and food insecurity. Representative Rodriguez said, “**HB 1252** is about creating opportunities for food access projects to get off the ground when they might not be viable without additional funding from outside conventional channels. In both urban and rural areas across Texas, people have grown increasingly reliant on retail food stores to feed their families. Many communities, however, do not have a grocery store, are not considered by grocery chains to be potentially profitable markets and lack other food access points. In these places, the food ecosystem often revolves around the local corner store and its stock of highly processed foods. The lack of access to choice contributes to negative health outcomes including poor nutrition and obesity. **HB 1252** would create a ‘grocery access investment fund’ program to facilitate the raising of public and private funds for financing projects including grocery stores, mobile markets and farm stands that would increase access to healthy, local foods in low to moderate income communities located in underserved areas. The program would be flexible enough to fund a variety of projects, including mobile markets and farm stands, as grocery stores are not appropriate for some communities. It would also promote the creation of local wealth, hiring of local residents and consumption of healthy food grown and made by local producers.”

**Package Theft**– On Monday, Representative Gene Wu (D-Houston) announced the filing **HB 760** to defend consumers against the increasing problem of package thieves - commonly known as "porch pirates." **HB 760** would increase the criminal penalty for stealing packages addressed to a victim from the steps of a victim’s home. Currently, package theft is only prosecuted as a Class C Misdemeanor ticket or as a Class B Misdemeanor, like shoplifting. Representative Wu said, "Package theft has been on the rise in recent years due to the increased market share of online shopping and home delivery services. Despite frequently having clear videos documenting the theft, these acts often go uninvestigated, and the offenders go unpunished. I hope that this legislation can encourage prosecutions and deter would be thieves who don't think the police would ever bother. As a lawmaker, I am always hesitant to increase criminal penalties, but this is a different situation. The current law is based on the value of the property stolen and not the nature of the theft. The value of most day-to-day deliveries would garner no more than a simple Class C ticket for the theft, and as such, law enforcement may be reluctant to spend scarce resources to track down a thief, and to issue a ticket. Additionally, stealing packages from a victim's own home is much more of a personal violation of a victim than compared to stealing a six-pack of beer from the gas station. More and more Texans are having their groceries, prescriptions, and daily items delivered straight to their door."
Many of these thefts are taking place during work hours, when upstanding citizens are working hard to provide these delivered goods for their families. I want to ensure hardworking Texans are protected from these porch pirates.

**Package Store Ownership**– On Wednesday, Senator Brian Birdwell (R-Granbury filed SB 645, which would remove the limit on package store ownership and the so-called “consanguinity loophole.” Current Texas law limits the number of package store permits a person can own to five with two exceptions or loopholes:

- If the permits were owned before May 1, 1949.
- The “consanguinity” exception which allows a package store owner’s closest blood relative to obtain additional permits and then consolidate the permits under the owner’s permit.

Senator Birdwell said, “This bill will remove a decades-old anticompetitive and unconstitutional limit on package store ownership and promote a free and fair market in Texas.” The provision was ruled unconstitutional by U.S. District Judge Robert Pitman in a March 2018 decision. Judge Pitman’s decision concluded that the consanguinity exception, is inconsistent with the Equal Protection Clause of the U.S. Constitution. The opinion stated, “The consanguinity exception is unconstitutional because it extends a benefit (the right to have more than five package stores permits) to some persons while withholding it from others without a rational basis.”

**Distilled Spirits Council** vice president Dale Szyndrowski said, “For generations, Texas law has unfairly granted some families the ability to own an unlimited number of package stores while restricting others to a maximum of five. This protectionist arrangement has enabled a handful of entrenched package store owners to dominate the market while restricting competition and, ultimately, choices for consumers. Texas laws should apply equally to all individuals, regardless of family lineage. Removing this protectionist clause would go a long way to modernizing the Texas Alcoholic Beverage Code, which is littered with outdated provisions serving no purpose than to restrict competition and protect special interests. It’s time to establish a modern framework to promote a free and fair market in Texas to promote competition, innovation and economic growth.”

**Next Week:** The House Business & Industry Committee will meet on Tuesday, February 12, 2019 at 10:30 a.m. or upon adjournment in E2.016 of the capitol extension for an organizational meeting and to hear invited testimony.

**HEALTH**

**Mental Health Care Consortium**– On Tuesday, Senator Jane Nelson (R-Flower Mound) filed SB 10, which would establish the Mental Health Care Consortium to foster collaboration among health-related institutions with the goal of improving early identification and access to mental health services, addressing psychiatry workforce issues, promoting and coordinating mental health research, and strengthening judicial training on juvenile mental health. SB 10 is nearly identical to her SB 63, which was filed in November and has since been designated as a Senate priority. Senator Nelson said, “I appreciate my colleagues for signing on as joint authors and the lieutenant governor for designating this as a priority issue. This initiative focuses heavily on identifying at-risk youth, getting them screened and into treatment so that they don’t present a danger to themselves or others.” All 31 members of the Senate have signed on as co-sponsors. Specifically, SB 10 would:

- Create a consortium to help coordinate state mental health initiatives across Texas’ health-related institutions of higher education;
- Establish the Child Psychiatry Access Program (CPAP), which will allow pediatricians to consult with psychiatry hubs at Texas medical schools;
• Establish a program allowing youth to be screened for mental health issues through telemedicine; and
• SB 1, the appropriations act, allocates $7.5 billion across 21 state agencies to address mental health with $100 million in new funding dedicated to SB 10.

Health and Human Services Commission— On Wednesday, Governor Greg Abbott reappointed Courtney Phillips, Ph.D. to be the Executive Commissioner of the Health and Human Services Commission (HHSC) for a term set to expire on February 1, 2021. Commissioner Phillips is the first woman to be appointed as the Commissioner of HHSC in Texas.

Courtney Phillips, Ph.D. of Austin has served as the Executive Commissioner of HHSC since October 2018. She previously served as the Chief Executive Officer for the Department of Health and Human Services in Nebraska. Phillips received a Bachelor of Science in kinesiology and a Master of Public Administration from Louisiana State University and a Doctor of Philosophy in public policy from Southern University.

Next Week: The House Human Services Committee will meet on Tuesday, February 12, 2019 at 8:00 a.m. in E2.030 of the capitol extension for an organizational meeting and to hear invited testimony.

HIGHER EDUCATION
Governor Abbott on Higher Education— In his State of the State speech, the governor said, “Higher education is also better. In the past four years we exceeded our goal of doubling the number of tier one universities. Today, Texas is home to nine tier one universities. We are on the path to becoming America’s epicenter for research and innovation.”

INSURANCE
Commissioner of Insurance— On Wednesday, Governor Greg Abbott reappointed Kent Sullivan as Commissioner of Insurance for a term set to expire February 1, 2021.

Kent Sullivan of Austin took office as Commissioner in October 2017. Previously, he was in private law practice as a partner at Jackson Walker. His prior government service includes serving as a justice on the Fourteenth Court of Appeals, first assistant attorney general for the Texas Office of the Attorney General and a state district court judge. He is a member of the Federal Judicial Evaluation Committee, the Texas Supreme Court Advisory Committee and previously served on the Texas Pattern Jury Charge Oversight Committee, State Bar of Texas Board of Directors and the Texas Center for the Judiciary Board of Directors. Sullivan received a Bachelor of Arts and a Juris Doctor degree from the University of Virginia.

Public Insurance Counsel— Also on Wednesday, Governor Greg Abbott reappointed Melissa Hamilton as the Public Counsel for the Office of Public Insurance Counsel for a term set to expire on February 1, 2021. The office represents the interests of insurance consumers in regulatory matters relating to insurance rates, rules and forms.

Melissa Hamilton of Austin has served as the Public Counsel since December 2017. Previously, she served as director of Governmental Relations for the Texas Department of Insurance. Hamilton received a Bachelor of Arts from Texas A&M University and a Juris Doctor degree from The University of Texas School of Law.
Next Week: The House Insurance Committee will meet on Tuesday, February 12, 2019 at 8:00 a.m. in E2.014 of the capitol extension to hear invited testimony from the Texas Department of Insurance, the Office of Public Insurance Counsel, and the Texas Windstorm Insurance Association.

PROPERTY
Next Week: The House Land & Resource Management Committee will meet on Tuesday, February 12, 2019 at 8:00 a.m. in E2.012 of the capitol extension for an organizational meeting and to hear invited testimony from the General Land Office and University Lands.

PUBLIC EDUCATION
Governor Abbott on Public Education– In his State of the State speech, the governor said, “Our mission begins with our students. We are graduating more students from high school than ever before. But we have more students graduating who are not ready for college or a career. Only about 40 percent of 3rd graders are reading at grade level by the time they finish the 3rd grade. Not surprisingly, less than 40 percent of students who took the SAT or ACT were prepared for college. To improve this, we must target education funding to help our students achieve in school. That starts with teachers in the classroom. Texas must recruit and retain the best and brightest teachers to educate our students. This session, we must pay our teachers more. We must provide incentives to put effective teachers in the schools and classrooms where they are needed the most. And we must create a pathway for the best teachers to earn a six-figure salary. The teacher pay system used by Dallas ISD shows this strategy works. Working together, we will create a Texas where every student is reading at grade level by the time they finish the 3rd grade. Where every child, regardless of their zip code, receives a quality education. And where every student graduates with more than just a diploma. They will graduate with the tools they need to excel in college or a career.”

Governor Abbott on School Safety– The Governor also discussed school safety saying, “As we improve our schools, it’s not enough to give our students a quality education. We must create a learning environment that is safe. No student should be afraid to go to school. No parent should be fearful when dropping their child off at school. Texas must act now to make our schools safer, so I am making school safety an emergency item. After the horrific shooting at Santa Fe High School, I held roundtables with parents, students, educators, law enforcement, and mental health experts. We developed innovative solutions to better protect our children and teachers. It’s time to turn ideas into action. We must do all we can to make our schools safer. Working together, we will deliver on this promise to our parents, to our students, and to our teachers. When it comes to improving school safety, one solution everyone agreed on was the need to address mental health in our schools. I commend Senator Nelson, who wasted no time crafting a strategy that does exactly that. As she has pointed out, many of our universities already have innovative mental health programs. Programs like the telemedicine wellness project at Texas Tech. It partners with school districts in West Texas to identify and remove students who pose a potential threat. And it provides students the help they need. School districts across Texas deserve access to these services. And as we all know, mental health issues are not confined to our schools. They touch our entire society. To better address these needs, Senator Nelson provided a broad-based plan. A plan that creates the Texas Mental Health Care Consortium to collaborate on statewide mental health needs. In typical Texas fashion, her idea is big and bold. To ensure it has enough time to become law this session, I’m declaring it an emergency item.”
Emergency Items—Here is the specific wording of the proclamations on school safety, mental health, and public school finance reform:

- Legislation relating to the creation of the Texas Mental Health Care Consortium.
- Legislation relating to safety in elementary and secondary schools and in public junior colleges.
- Legislation or resolutions relating to comprehensive school finance reform as recommended by the Texas Commission on Public School Finance, and increased teacher pay.

Responses to Governor Abbott’s Education Proposals on public school finance reform, educator compensation and school safety included:

Texas American Federation of Teachers President Louis Malfaro commented on the speech saying, “The governor is out of step with the Texas public when it comes to school students, teachers and the misuse of standardized testing. The governor has rightly declared increasing teacher pay as an emergency item for the session, but he fails to see the real emergency. He is pushing a scheme for teacher raises for a scant few, based on the misuse of the STAAR test. The governor’s call doesn’t solve the crisis in our profession that is facing a shortage of certified teachers. It doesn’t address the emergency of educators and our families not being able to go to the doctor when we’re ill because we can’t afford treatment. It doesn’t address the emergency of teachers leaving the profession due to stagnant salaries - more than $7,000 less than the national average and some 28 percent lower than comparable professions - and seeing themselves as an insult to our hard work and something that leaves us unable to support our families. The governor’s fixation on money for test scores certainly won’t help the emergency of the state reneging on its promise to provide a dignified life for our retired educators with pension and health care that can support them after decades of service to our schoolchildren. The governor gives offense to Texas teachers every time he and his education commissioner claim to want more pay for the so-called best teachers, the implication being that the hundreds of thousands of women and men who teach and support the 5.4 million students in Texas’ public schools are unworthy of being paid decently for the hard work they do every day.”

Center for Public Policy Priorities CEO Ann Beeson said, “We are pleased to hear Governor Abbott reiterate his commitment to remodeling Texas public school finance this legislative session. We are working closely with lawmakers and their staff to ensure that Texas students from all ZIP codes and backgrounds receive the high-quality education they deserve. Instead of the misguided SB 2/HB 2 property tax scheme, the state should pay its fair share of public education costs if it wants to lower property taxes. It’s true that about 1,000 people move to Texas every day, and that means our state needs to invest more revenue in public education, health care and other services. Much of our state’s wealth comes from investments made by previous generations in our schools, hospitals and infrastructure. Instead of attacking critical sources of revenue, it’s time for state leaders to invest in the people of Texas. Proactive investments in education and health care today will secure our economic success for generations to come. The Governor says that the state of Texas has ‘never been better.’ While some Texans are thriving, 1 in 5 children live in poverty, and many more Texans are struggling. That’s not good enough for Texas.”

Council For A Strong America’s spokesperson Joe McMahan said “We appreciate Governor Abbott’s thoughtful approach and long-range planning for school finance that was addressed during the State of the State. His recommendation to invest more in early childhood education will play a vital role in not only increasing academic achievement for Texas students, but also will help ensure that our great state continues to be competitive and prosperous in the future.”
Austin Independent School District’s Nicole Conley added, “We thank Governor Abbott, Speaker Bonnen and the legislature for building on the work of the school finance commission to address one of the most important and formidable issues facing Texas: how the state funds education. The future economy and social fabric of the Lone Star State is being shaped in our classrooms today. By investing in our greatest assets - our young people - we can ensure Texas continues to thrive and lead in an ever-increasing, competitive and global marketplace.”

The Commit Partnership’s Todd Williams said, “As a former member of the Texas Commission on Public School Finance, I am thrilled that the Governor has prioritized school finance for the 86th Legislative session, and I hope his fellow lawmakers will honor his goals by implementing our recommendations. Our state is facing enormous challenges in the areas of third-grade reading, college readiness, and educational equity. I’m thankful we have state leadership with the vision necessary to enact new and effective strategies that directly address these critical issues.”

Dallas Independent School District’s Dr. Michael Hinojosa: “I am optimistic that Governor Abbott and legislators are ready to take the necessary action to move our state’s educational infrastructure forward in real and lasting ways. We are encouraged by what we have heard today and will continue to closely watch the rollout of legislation and speak out in favor of positive change. We welcome the opportunity to be part of the solution our state needs to prepare future generations of productive and responsible citizens.”

Early Matters Dallas’ Kimberly Manns said, “The Early Matters coalition is grateful that Governor Abbott has prioritized public school finance in the upcoming legislative session. It is our hope that any reform to this system includes an emphasis on improving third grade reading scores, a crucial indicator of future success. We also hope legislators will work to improve the quality and sustainability of the childcare industry. Our newest generation of Texans are depending on it.”

San Antonio Independent School District’s Dr. Pedro Martinez said, “We were very encouraged to hear Governor Abbott lay out a comprehensive vision for what school finance reform looks like in Texas. By making key investments in early childhood education, creating a tier of weights to recognize that it takes more resources to educate students based on their level of poverty, and investing in dual language education among other essential priorities, it is clear that the Governor wants to make significant investments in Texas public schools while lowering the rate of property tax increases.”

House Public Education Committee– The House Public Education Committee held meetings on Tuesday and Wednesday this week.

- **Tuesday, February 5, 2019**– The House Public Education Committee heard invited testimony on the public school finance system from Education Commissioner Mike Morath; Von Byer and Leo Lopez of Texas Education Agency, and Aaron Henricksen and Andy MacLaurin of the Legislative Budget Board.
- **Wednesday, February 6, 2019**– The House Public Education Committee heard testimony on the final report of the Texas Commission on Public School Finance. Witnesses included Korry Castillo of the Comptroller’s office; State Board of Education member Keven Ellis; Nicole Conley of Austin ISD; and Todd Williams from Commit Partnership.

Senate Education Committee– On Thursday, the Senate Education Committee held an organizational meeting. The committee heard from Education Commissioner Mike Morath and Justin Porter of Texas Education Agency.
**Next Week:**

**Tuesday, February 12, 2019**- The House Public Education Committee will meet at 10:30 a.m. or upon adjournment in E2.036 of the capitol extension to hear invited testimony regarding school finance and the final report of the Texas Commission on Public School Finance.

**Wednesday, February 13, 2019**– The House Public Education Committee will also meet at 10:30 a.m. or upon adjournment in E2.036 to hear invited testimony regarding school finance and the final report of the Texas Commission on Public School Finance.

**TAX**

**Governor Abbott on Property Tax Reform**– On the issue of property tax reform, the governor said, “I think we can all agree another emergency is property tax reform. If we are going to keep Texas the economic engine of America, we must rein in a property tax system that punishes families and businesses and prevents younger Texans from achieving their dream of homeownership. We can no longer sit idly by while property owners are reduced to tenants of their own property with taxing authorities playing the role of landlord. Our constituents are counting on us. I applaud leaders of the Senate and House for working together in historic fashion on identical bills that limit the ability of taxing authorities to raise your taxes. At the same time, the state will be making new investments in education and reducing Robin Hood. This isn’t just about restraining the growth of property taxes, it’s about restoring power to the people of Texas. That’s why I propose giving taxpayers the ability to fire their property tax appraiser and elect a better one. By taking these actions, we’ll do more than just reform our property tax system. We will ensure seniors who have worked their entire lives can afford to retire in a home they’ve already paid off. We will give hope to the next generation of Texans, that they too can realize their dream of owning a home. And we will ensure that middle and low-income Texans can remain in the neighborhoods they cherish. It is for those Texans that I am making property tax reform an emergency item this session.”

**Emergency Proclamation on Property Tax Reform**– Specific wording of Governor Abbott’s proclamation designating property tax reform as an emergency item for early consideration by the legislature is, “Legislation relating to reform of the property tax system by requiring voter approval to exceed a 2.5 percent rollback rate, by improving accountability in the selection of a chief appraiser, and by increasing transparency.”

**Response to Governor Abbott’s Property Tax Reform Comments:**

House Democratic Caucus member Eddie Rodriguez (Austin), Dean of the Travis County delegation to the Texas House and member of the House Ways & Means Committee, responded to Governor Abbott’s State of the State address saying, “Governor Abbott identified several priorities that will require bipartisan cooperation in both chambers of the 86th Texas Legislature to address, including public school finance and property tax reform. There is widespread agreement over the need to work across the aisle on these issues. However, Governor Abbott’s arguments for his property tax reform proposal are misleading. There is no revenue source designated nor safety net established for local governments in HB 2, only mechanisms that would restrict cities’ ability to raise revenue for funding crucial public services like law enforcement, fire rescue and waste management. Speaker Bonnen has assured me that all members will have the opportunity to weigh in on this most important issue, and I will argue for providing Texans lasting property tax relief by significantly shifting the burden for funding public education back to the state where it belongs. We have an opportunity to enact lasting public school finance and property tax reform in the 86th Legislative Session, but these and other
priorities will require lengthy debate by the legislature and significant investment of public resources.”

**Senate Property Tax Committee**—The Senate Property Tax Committee met on Wednesday to take testimony on SB 2 by Senator Paul Bettencourt (R-Houston), the committee chair, which is the omnibus property tax reform bill. The committee heard from several witnesses.

**Texas Taxpayers and Research Association** president Dale Craymer testified saying, “SB 2 has three basic pillars:

- **Tax Visibility**- We hear the word ‘transparency’ used in talking about this bill, but I quibble with that word. SB 2 does not make your property tax bill more transparent; it does just the opposite. It makes your bill more visible, and consequently, more understandable. That is exactly what the system needs. We strongly support the provisions of SB 2 that provide taxpayers a real time website on which they can see how proposed tax rates are going to affect their tax bill, who the decision makers are, and how they can make their opinion known before those rates are adopted. This process is standardized with uniform worksheets promulgated by the Comptroller that will be publicly available to taxpayers.

- **ARB Reforms**- SB 2 provides improved training for Appraisal Review Board members and special panels with specific expertise to hear disputes over complex properties, along with a number of other reforms we view very positively including: time and dates of hearings, access to evidence from the CAD, protections against abusive determinations (ARB can’t raise your value), and protections against political influence over the appraisal process (taxing unit can’t challenge).

- **Tax Rate Adoption Provisions**- We have two areas of the bill that lead us to be neutral overall on the bill, at this time. First, the bill strikes the current requirement by which voters may determine if their local schools may impose a tax rate for maintenance and operations (M&O) above $1.04. We would ask that the provision in current law be retained, regardless of what is done with school tax relief. Otherwise, within 5 years, property owners could see their school M&O tax rate climb to $1.17 without ever having an opportunity to vote on the increase. This would negate any benefits we might otherwise see with city, county, and special districts’ tax rates. We would note that even at the $1.04 tax rate, under our school finance system school districts are guaranteed that they receive full funding for enrollment growth as well as additional equity funding based rising values. Second, in 2017 we supported the senate property tax bills in both the regular and special sessions. We believe that the 8 percent rollback threshold in current law does not reflect the realities of today’s inflation and economic environment. Nor do we find the current petition requirement for an election to be workable in larger jurisdictions. We believe an election to exceed the rollback threshold should be mandatory, as SB 2 provides; however, we are unable, at this time, to say that a 2.5 percent rollback threshold is the appropriate level.”

**Other Suggestions**:

- We strongly support uniform school tax rate compression as property values increase - either the Governor’s 2.5 percent or, perhaps and hopefully, even a rate lower than that. While I understand that may be included in the school finance bill, if it is not, we would like to see such a provision added to this bill.

- While SB 2 increases the reporting requirements of data concerning property taxes, it is critical that the data be accurate. We would ask that the legislation provide the Comptroller the authority and resources to verify and correct property tax data submitted. Any of us who
have worked with the data files have found it is sometimes sent to the agency with, for example, decimal errors that must be manually corrected for accurate analysis.

- Consider using a maintenance and operations levy, rather than the total levy, as the basis for determining a small district, allowing them to remain under the 8 percent rollback. Voter-approved debt service would be excluded from the threshold, as this obligation has already been approved in an election.”

**Texas Association of Manufacturers** president Tony Bennett registered a position of “neutral” on SB 2. He said, “Today, TAM is testifying ‘neutral’ on SB 2, knowing there will be additional debate in the coming weeks to ensure a final rollback rate that is fair to both taxpayers and local governments. Many of our member companies operate major facilities within dozens of cities across Texas. TAM members want to ensure that our local communities have the resources they need for public safety, infrastructure and a high quality of life for our employees and their families. However, our member companies do agree with the general direction of this bill. We certainly believe that the current 8 percent rollback rate is far too high. TAM is on record in previous legislative sessions favoring between a 4 percent to 6 percent rollback rate. Our members believe that the legislature will eventually reach an appropriate rollback rate that fits today’s more stable economic climate. TAM also agrees with the bill’s changes regarding appraisal review boards, transparency for tax rate notices, and taxpayer website information. TAM members also applaud the fact that SB 2 is a solution that treats all taxpayers equally. Businesses and homeowners alike would benefit in the same way.”

**Other Witnesses**– The committee also heard from representatives of Galveston and Collin Counties, Center for Public Policy Priorities, Rice University’s Baker Institute for Public Policy, Texas Public Policy Foundation, Travis County Appraisal District, Texas Association of Appraisal Districts, Texas Building Owners and Managers Association, Center for Public Policy, Texas Oil and Gas Association, and several other individuals.

**Next Week:** The **House Ways & Means Committee** will meet on Wednesday, February 13, 2019 at 8:00 a.m. in Room 140 of the John H. Reagan State Office Building to hear invited testimony from:
- The Legislative Budget Board
- Office of the Comptroller
- Texas Taxpayers and Research Association
- Center for Public Policy Priorities

**TRANSPORTATION**

**Safe Highways**– On Monday, Representative Celia Israel (D-Austin) filed two bills to address public safety on Texas roads. Representative Israel said, “Since November 7, 2000, a day has not passed without a death on Texas roads. In 2017 alone, Texas suffered 3,721 traffic deaths. This is a crisis, and it is preventable.”

**HB 1287** would lower the default speed limit from 30 to 25 miles per hour in residential neighborhoods. Representative Israel said, “HB 1287 would ensure that our children and all pedestrians can live and play safely in their neighborhoods. Since 2010, over 1,700 children have died or been seriously injured while walking or riding their bikes on Texas roads.”

**HB 1289** would require drivers to fully stop for pedestrians in a crosswalk. “Representative Israel added, “This bill ensures that drivers not only yield, but fully stop to the right-of-way of our pedestrians at the crosswalk. A five-mile reduction in speed can make the difference between life and
death for our kids on residential streets. We need to get serious about slowing down and stopping for pedestrians. People are dying and we have the power to do something about it."

**State Websites** - Additional information can be obtained via the Senate, House, and capitol websites:
- [www.senate.state.tx.us](http://www.senate.state.tx.us)
- [www.house.state.tx.us](http://www.house.state.tx.us)
- [www.capitol.state.tx.us](http://www.capitol.state.tx.us)